

VZCZCXRO7535
PP RUEHGA RUEHHA RUEHQU RUEHVC
DE RUEHON #0107/01 1001328
ZNR UUUUU ZZH
P 091328Z APR 08
FM AMCONSUL TORONTO
TO RUEHC/SECSTATE WASHDC PRIORITY 2437
INFO RUCNCAN/ALCAN COLLECTIVE
RHMFIUU/HQ EPA WASHINGTON DC

UNCLAS SECTION 01 OF 03 TORONTO 000107

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E.O.12958: N/A
TAGS: [SENV](#) [PGOV](#) [PREL](#) [CA](#)
SUBJECT: Ontario Environmental Policy Unchanged, New Minister Brings
New Strategy

Sensitive But Unclassified -- Please protect accordingly.

11. (SBU) SUMMARY: Ontario's environmental policy remains unchanged following the October 10, 2007 provincial election, which returned Liberal Premier McGuinty's government to power for a second term. Ontario remains on track to stop shipping municipal solid waste to Michigan by the end of 2010. The province's message to the U.S. about contentious issues such as cross-border air quality, remains consistent - U.S. ozone standards are too lax. But the way the message is delivered has changed with the appointment of John Gerretsen as the new Environment Minister. Gerretsen's more pragmatic and multilateral approach towards advancing Ontario's environmental agenda is a strategy that seems likely to prove more effective than his predecessor, Laurel Broten's aggressive and more inflammatory style. END SUMMARY.

No Major Ontario Environmental Policy Shift

12. (U) The McGuinty government's second term environmental policy seems largely consistent with pre-election environmental policy despite the Ontario Premier's appointment of a new Minister, John Gerretsen. The province is maintaining its commitment to its five-point climate change plan entitled "Go Green: Ontario's Action Plan on Climate Change," released in August 2007. The 2008 budget re-stated the province's intent to reduce greenhouse gas (GHG) emissions to 6% below 1990 levels by 2014, 15% below 1990 levels by 2020, and 80% below 1990 levels by 2050. To help achieve these targets the government says it remains committed to phasing-out all coal-plants by 2014. Ontario is also still implementing "MoveOntario 2020," a C\$17.5 billion plan that includes 52 rapid transit projects in the GTA and Hamilton, including construction of 902 kilometers of new or improved rapid transit, to reduce the number of cars on the road.

13. (U) Ontario's Next Generation Jobs Fund is a C\$650 million program to generate new high-paying jobs by supporting the commercial development, use, and sale of clean and green technologies. The province is also investing C\$150 million to help Ontario homeowners fight climate change, conserve energy, and adopt green technologies. The McGuinty government is continuing its efforts to plant 50 million new trees in southern Ontario by 2020. These three major programs continue environmental policy initiatives carried over from its first term.

Ontario On Track to Stop Shipping Trash to Michigan

14. (U) The province is committed to living up to its pledge made in 2006 to end the flow of municipal solid waste (MSW) to Michigan: a 20% reduction by 2007, a further 20% reduction by the end of 2008, and a total elimination of MSW shipments by the end of 2010. To meet this timeline, Ontario has initiated some key projects. One of

these is the January 2008 decision to build a new C\$150-250 million waste incinerator, the first in 16 years, in the Greater Toronto Area's (GTA) Durham Region, which will have a capacity to dispose of between 150,000 and 400,000 tons of trash per year. Also, the province announced on February 21, 2008 that it aims to double the amount of household hazardous or special waste that Ontario diverts from landfills and the environment over the next five years.

15. (U) On February 28, 2008 the Ontario Environment Ministry stated that it had given Liberty Energy Inc. - a California-based company - the go-ahead to build a C\$120 million, energy-from-waste incinerator in Hamilton, Ontario designed to handle up to 400,000 tons of sewage sludge and 150,000 tons of other organic waste such as tree trimmings, greenhouse waste, grass, and garden clippings. As well, on March 4, 2008, the government highlighted that the Malton, Ontario polystyrene-recycling plant, the only one in the province, which closed in December, 2007, would reopen later in the year.

16. (U) In other recycling news, on March 28, 2008, the Liberal government announced plans to develop a province-wide tire recycling program to be implemented later in the year. At the moment, Ontario is the only Canadian province without such a program. Environment Minister Gerretsen highlighted that Ontario motorists will likely pay a fee of a few dollars when they buy new tires to build up the infrastructure needed to ensure that the tires are recycled at the end of their life-cycle. Other provinces levy fees of between C\$3 and C\$5 when people buy passenger vehicle tires; the money is used to recycle old tires into products from running tracks to roof shingles. This program will also help Ontario meet Michigan's 2010 waste disposal deadline as the Canadian Rubber Association estimates that of the 12 million tires the province discards each year, roughly half are shipped to the United States where they are burned as fuel.

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Ontario Focused on Climate Change

17. (U) On March 7, 2008, the province announced the creation of a Climate Change Secretariat, which is expected to start by the end of April 2008. The secretariat will work out of the premier's office and hold "climate change results" meetings every five weeks with the premier, senior politicians, and bureaucrats to assess interagency progress on the government's climate change action plan.

18. (U) The province also is committed to participating in a broad-based North American emissions trading (cap-and-trade) system. Ontario is pursuing partnerships with like-minded provinces and U.S. states to strengthen regional initiatives such as the Western Climate Initiative (WCI), Regional Greenhouse Gas Initiative (RGGI), and Midwestern Greenhouse Gas Accord (MGGA). Ontario has engaged in discussions with Quebec to set up a cap-and-trade system, is an observer at both WCI and RGGI, and may seek observer status at MGGA.

19. (U) On January 16, 2008 Ontario joined the U.S.-based climate change initiative, The Climate Registry. Through the Registry, Ontario works with jurisdictions such as British Columbia, Saskatchewan, Manitoba, and Quebec, as well as American tribes and the over 3/4 of the U.S. states, which are members. The Climate Registry aims to develop and manage a common GHG reporting system that will measure, track, verify, and publicly report GHG emissions across borders and industry sectors. The Registry will support voluntary, market-based, and regulatory reporting programs and will provide transparent and consistent GHG emissions data from its members, as well as a robust accounting and verification infrastructure.

110. (U) At the Vancouver meeting of Canadian Premiers in January, Premier McGuinty said Ontario would organize the first-ever national climate change summit to provide an opportunity for all provinces and territories to share experiences and ideas to develop strategies for coping with climate change. About 150 policy-makers, researchers, and scientists from across Canada attended the March

31-April 1 science-focused Toronto Summit, entitled "Planning for Today: The Climate Change Adaptation Summit." The group agreed that data collection and management and information sharing must be improved. The summit also highlighted that public infrastructure will have to be adapted to handle higher winds and extra rainfall. "Governments must build infrastructure like roads, bridges, and water pipes to withstand the harsher conditions of tomorrow's weather," said Paul Kovacs, executive director of the Institute for Catastrophic Loss Reduction at the University of Western Ontario. "The trouble is that scientists are fairly certain about global weather trends, but not so certain about what that might mean at the province or city level," he noted. The Environment Ministry is organizing a climate change technical workshop for this June.

New Environment Minister Brings a New "Style"

¶11. (SBU) While Ontario's environmental policy message to the U.S. remains consistent -- the U.S. should do more to improve air quality -- the new Environment Minister John Gerretsen's strategy is less publicly confrontational and more typically "Dutch" (i.e. pragmatic and multilateral). The new Minister is not pulling his punches, but he seems unlikely to travel to the U.S. to deliver finger-pointing speeches as did his predecessor in 2006 when she railed against the inadequacy of U.S. air quality policy at the National Press Club in Washington, D.C. On March 14, 2008, Ontario issued a press release criticizing as too lax new U.S. ozone standards of 75 parts per billion (ppb), announced earlier in the week by the U.S. EPA. But Gerretsen is tackling the trans-boundary pollution issue from a much more multilateral approach. He has only been Environment Minister for four months, but on his watch, Ontario has already joined the pre-eminent U.S.-based climate change initiative, The Climate Registry, and is currently in talks with U.S. jurisdictions about establishing a North American carbon-trading system.

¶12. (SBU) COMMENT: The environmental policy goals of Ontario Premier McGuinty's second-term Liberal government are consistent with the priorities established during his first term in office (2003-2007). The new Minister, however, has brought a fresh approach to Ontario's efforts to achieve those goals. Minister Gerretsen is naturally less emotional and more pragmatic in his approach to climate change and trans-boundary air pollution policy. Gerretsen's push to work with other like-minded U.S. state and Canadian provincial leaders to achieve their shared goals through multilateral cooperation such as The Climate Change Registry, is a welcome sign that Ontario's environmental policy has matured and will focus on achieving "the possible" rather than the futile public posturing of his predecessor against the perceived shortcomings of U.S. environmental policy. We believe Gerretsen's new cross-border strategy will show results in the long term and will reduce

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frictions in the highly interdependent Ontario-U.S. relationship in the near term. END COMMENT.

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